

Fact Sheet

CORPORATE GOVERNANCE

California Public Employees' Retirement System • 400 Q Street • Sacramento, California 95814

CalPERS 2007 Focus List Company At-A-Glance

Eli Lilly & Company (LLY) – Indianapolis, Indiana

Eli Lilly and Company, through its subsidiaries, engages in the discovery, development, manufacture, and sale of pharmaceutical products in the United States and internationally.

Market Capitalization: \$59.1 billion

CalPERS' Holdings: \$265.6 million (.4% of outstanding shares)

Total Return Performance for Selected Periods Ending 02/28/2007

Time period ending 2/28/2007	Eli Lilly & Co.	S&P 500 Index	Relative to S&P 500 Index	Pharmaceuticals S&P Industry Peer Index	Relative to Peer Index
5 years	-21.43%	39.05%	-60.48%	-10.65%	-10.78%
3 years	-22.80%	29.83%	-52.63%	0.40%	-23.20%
1 year	-2.54%	11.97%	-14.51%	10.11%	-12.65%

Source: FactSet

The Problems:

- Eli Lilly & Company's stock has underperformed relative to the S&P 500 and its industry peer index over the 1, 3 and 5 year time periods ending February 28th.
- Shareowners may not amend the bylaws. The company would not agree to amend this egregious provision. Only 4% of companies in the S&P 500 employ such restrictions on shareowner rights.
- Would not agree to seek shareowner approval to remove the supermajority voting requirements that pertain to the articles of incorporation.
- Would not agree to grant shareowners the right to call special meetings or act by written consent.
- Would not agree to seek shareowner approval for existing or future poison pills.

CalPERS 2007 Shareowner Proposal:

CalPERS seeks to allow a simple majority of shareowners (51%) the right to amend the bylaws.